

## CM CINNAMON MUELLER

A Professional Limited Liability Company 307 North Michigan Avenue, Suite 1020 Chicago, Illinois 60601 Telephone: 312-372-3930 Facsimile: 312-372-3939

September 4, 2007

FILED/ACCEPTED SEP - 4 2007

Federal Communications Commission Office of the Secretary

Marlene Dortch
Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

via Hand Delivery

Re: CS Docket No. 97-80, CSR-7114-Z;

In the Matter of The World Company ("Sunflower Broadband"); Emergency Request for Extension of Deferral of Enforcement of 47 C.F.R. § 76.1204(a)(1)

Dear Ms. Dortch:

On June 29, 2007 in the above-referenced docket, the Commission granted Sunflower Broadband a deferral of enforcement of the deadline in 47 C.F.R. § 76.1204(a)(1). Sunflower Broadband now files an emergency request for a short extension of that deferral.

We enclose five copies of the emergency request. We will forward the original of Patrick Knorr's affidavit under separate cover.

We also enclose a copy of this letter and a copy of the first page of the emergency request. Please date-stamp each page and return it to the messenger so that we may have it for our records. Please contact me if you have any questions regarding this matter.

Sincerely,

Nicole Paolini-Subramanya

cc (via email): Michelle Carey

John Norton Andrew Long Brendan Murray Patrick Knorr

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SEP - 4 2007

Faderal Communications Commission
Office of the Secretary

September 4, 2007

Monica Desai, Bureau Chief Media Bureau Federal Communications Commission 445 12th Street, SW Washington, DC 20554

via Hand Delivery

Re: CSR-7114-Z, CS Docket No. 97-80

The World Company, d/b/a Sunflower Broadband ("Sunflower Broadband")

Emergency Request for Extension of Deferral of Enforcement of July 1, 2007 deadline in 47 C.F.R. § 76.1204(a)(1)

Dear Ms. Desai:

On June 29, 2007, the Media Bureau granted Sunflower Broadband a short deferral of the July 1, 2007 deadline in 47 C.F.R. § 76.1204(a)(1) ("Integration Ban") until September 1, 2007. Sunflower Broadband requests an emergency extension of this deferral for the following reason: The company has depleted its inventory of already-deployed Motorola DCT-700 set-top boxes and is currently deploying more Motorola DCT-700s than are returned to inventory. However, the CableCARD-compatible all-digital set-top boxes that the company has ordered will not be delivered until sometime between the end of October and the end of December of 2007.

**Background.** Sunflower Broadband is a small cable operator serving approximately 30,000 subscribers in smaller and rural markets in and around Lawrence, Kansas. On November 21, 2006, Sunflower Broadband filed a request for a waiver of the Integration Ban.<sup>2</sup>

On February 15, 2007, in response to the Commission's *BendBroadband MO&O*,<sup>3</sup> Sunflower Broadband supplemented its *Request* with a commitment to transition all its services to digital by December 31, 2008 if its *Request* were granted, except for a limited analog tier.

<sup>&</sup>lt;sup>1</sup> In the Matter of Armstrong Utilities, Inc., et al., Memorandum Opinion and Order, CS 97-80, DA 07-2916 at ¶ 58 (rel. June 29, 2007) ("MO&O").

<sup>&</sup>lt;sup>2</sup> Request for Waiver of 47 C.F.R. § 76.1204(a)(1) and Request for Clarification of The World Company (filed November 21, 2006) ("Request").

<sup>&</sup>lt;sup>3</sup> In the Matter of Bend Cable Communications, LLC d/b/a BendBroadband, Request for Waiver of Section 76.1204(a)(1) of the Commission's Rules, Memorandum Opinion and Order, CSR-7057-Z, CS 97-80, DA 07-47 (rel. January 10, 2007).

On June 29, 2007, the Media Bureau released its *MO&O*, in which it denied Sunflower Broadband's *Request*, but granted the company a short deferral of the *Integration Ban* until September 1, 2007.

At the time that the Media Bureau granted Sunflower Broadband's deferral, the company had a significant number of integrated Motorola DCT-700 set-top boxes in inventory. Sunflower Broadband realized that it would deploy all these Motorola DCT-700 set-top boxes prior to the end of its September 1, 2007 deferral, but expected that enough departing or upgrading subscribers would return their Motorola DCT-700 set-top boxes to Sunflower Broadband's inventory that the company would have no need to order CableCARD-compatible set-top boxes in the near-term.<sup>4</sup>

But Sunflower Broadband underestimated subscriber enthusiasm for its all-digital simulcast service, which Sunflower Broadband provides for only \$49.70 per month using the all-digital Motorola DCT-700 set-top box.<sup>5</sup>

A promotion during which Sunflower Broadband provided free Motorola DCT-700 set-top boxes to its subscribers was more successful than anticipated. During the promotion, Sunflower Broadband significantly depleted its inventory of Motorola DCT-700s. In addition, in August 2007 Sunflower Broadband experienced an unprecedented take-rate for its digital simulcast services among students enrolling at the University of Kansas (the University is located in Sunflower Broadband's service area).<sup>6</sup>

At the same time, departing and upgrading subscribers are not returning enough already-deployed Motorola DCT-700 set-top boxes to Sunflower Broadband to meet current demand. This low set-top box return rate, when coupled with the popularity of Sunflower Broadband's digital simulcast services among University of Kansas students, has unexpectedly required Sunflower Broadband to order new CableCARD-compatible set-top boxes on extremely short notice.<sup>7</sup>

Accordingly, Sunflower Broadband has ordered 1,152 Pace Butler CableCARD-compatible set-top boxes ("Compliant Set-Top Boxes") to deploy in place of the already-deployed Motorola DCT-700s that Sunflower Broadband had expected to have in inventory. These Compliant Set-Top Boxes will meet Sunflower Broadband's deployment needs for at least two months after receipt. Unfortunately, Pace has informed Sunflower Broadband that Pace

#### **CINNAMON MUELLER**

<sup>&</sup>lt;sup>4</sup> See Affidavit of Patrick Knorr, attached as Exhibit 1 ("Knorr Affidavit") at ¶ 4.

<sup>&</sup>lt;sup>5</sup> Knorr Affidavit at ¶ 5.

<sup>&</sup>lt;sup>6</sup> Knorr Affidavit at ¶¶ 6-7.

<sup>&</sup>lt;sup>7</sup> Knorr Affidavit at ¶ 8.

<sup>&</sup>lt;sup>8</sup> See Knorr Affidavit at ¶ 9 and Attachment 1 (purchase order for the Compliant Set-Top Boxes).

<sup>&</sup>lt;sup>9</sup> Knorr Affidavit at ¶ 10.

will not deliver the Compliant Set-Top Boxes until between late October and late December 2007.<sup>10</sup>

Sunflower Broadband is currently deploying an average of approximately 8,931 Motorola DCT-700 set-top boxes per month. The company expects that deployment rate to decrease sharply once the back-to-school season ends, but estimates that, even with the current rate of return of already-deployed DCT-700s to inventory, Sunflower Broadband will have a net shortfall of 500 set-top boxes per month until it receives the Compliant Set-Top Boxes.<sup>11</sup>

Accordingly, if Sunflower Broadband is to continue deploying its all-digital simulcast services to its subscribers, it will need to order approximately 1,000 – 2,000 new Motorola DCT-700s between now and the delivery of the Compliant Set-Top Boxes. 12

**Request for Deferral.** For the reasons above, Sunflower Broadband requests an emergency extension of the September 1, 2007 deferral of the Integration Ban provided in the Media Bureau's *MO&O* until Sunflower Broadband receives the Compliant Set-Top Boxes. Sunflower Broadband will order and deploy only enough new Motorola DCT-700 integrated set-top boxes to meet its needs until it receives the Compliant Set-Top Boxes. <sup>13</sup>

**Conclusion.** Grant of the requested deferral is in the public interest – the deferral will allow Sunflower Broadband to continue to deploy its all-digital simulcast services while it awaits delivery of the Compliant Set-Top Boxes. Absent the deferral, <u>Sunflower Broadband will be forced to cease deploying its entry-level all-digital simulcast services to new or upgrading subscribers.</u> Such a result is highly undesirable and directly contrary to the Commission's mandate to increase the availability of digital services to all Americans, and to the Commission's stated policy of promoting all-digital networks. For the reasons set forth above, Sunflower

The Commission...shall encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans...

The term 'advanced telecommunications capability' is defined, without regard to any transmission media or technology, as high-speed...broadband telecommunications capability....

See also In the Matter of Consolidated Requests for Waiver of Section 76.1204(a)(1) of the Commission's Rules, Memorandum Opinion and Order, CS Docket No. 97-80, DA 07-2921 at ¶¶ 58-59 (rel. June 29, 2007).

<sup>&</sup>lt;sup>10</sup> See Knorr Affidavit at ¶ 10 and Attachment 2 (email from Pace confirming delivery date).

<sup>&</sup>lt;sup>11</sup> Knorr Affidavit at ¶ 11.

<sup>&</sup>lt;sup>12</sup> Knorr Affidavit at ¶ 12.

<sup>13</sup> Knorr Affidavit at ¶ 13.

<sup>&</sup>lt;sup>14</sup> See Pub.L. 104-104, Title VII, § 706, Feb. 8, 1996, 110 Stat. 153, as amended Pub.L. 107-110, § 1076(gg), Jan. 8, 2002, 115 Stat. 2093, reproduced in notes to 47 U.S.C. § 153(a):

Broadband respectfully requests an extension of the deferral of enforcement of the Integration Ban granted in the *MO&O* until it receives the Compliant Set-Top Boxes.

Sincerely.

Nicole Paolini-Subramanya

cc (via email): Michelle Carey
John Norton
Brendan Murray
Andrew Long
Patrick Knorr

## EXHIBIT 1 AFFIDAVIT OF PATRICK KNORR

### EXHIBIT 1

### AFFIDAVIT OF PATRICK KNORR

- I, Patrick Knorr, make this affidavit based upon personal knowledge and a review of records, and can testify if necessary as to the truth of the matters asserted:
- I have been General Manager of Sunflower Broadband, a division of The World Company ("Sunflower Broadband") since January 2000.
- Sunflower Broadband is a small, independent cable operator providing video and broadband services to approximately 30,000 subscribers in and around Lawrence, Kansas.
- 3. The company has a consistent track record of offering the newest and most cutting-edge digital services in the industry, especially to smallermarket and rural subscribers. Sunflower Broadband's services and channel offerings include:
  - Over 210 channels, including 45 music channels, VOD, advanced parental controls, and DVR functionality
  - Digital simulcast
  - Wireless broadband for rural subscribers
  - Cable modern services, including three different high-speed broadband packages
  - Video caller ID
  - Local video on demand services, including local news, city commission meetings, and programs from local schools
  - HD services, including broadcast HD
  - A free, wi-fi network in Lawrence, Kansas, with over 50 hot spots
- 4. On June 29, 2007, the Media Bureau granted Sunflower Broadband a deferral of the deadline in 47 C.F.R. § 76.1204(a)(1) until September 1, 2007. At that time, the company had a significant number of integrated Motorola DCT-700 set-top boxes in inventory. Sunflower Broadband

- expected that after it deployed these boxes in inventory prior to September 1, 2007, enough departing or upgrading subscribers would return their Motorola DCT-700 set-top boxes to Sunflower Broadband's inventory that the company would have no need to order CableCARD-compatible set-top boxes in the near-term.
- 5. Sunflower Broadband underestimated the take rate for its all-digital simulcast service, which Sunflower Broadband provides for only \$47.90 per month using the all-digital Motorola DCT-700 set-top box.
- 6. A promotion during which Sunflower Broadband provided free Motorola DCT-700 set-top boxes to its subscribers was more successful than anticipated. During the promotion, Sunflower Broadband significantly depleted its inventory of Motorola DCT-700s.
- 7. In addition, this month Sunflower Broadband has experienced an unpracedented take-rate for its digital simulcast services among students enrolling in and returning to the University of Kansas (the University is located in Sunflower Broadband's service area).
- 8. At the same time, departing and upgrading subscribers are not returning enough already-deployed Motorola DCT-700 set-top boxes to Sunflower Broadband to meet current demand. The low set-top box return rate, when coupled with the popularity of Sunflower Broadband's digital simulcast services among University of Kansas students, has unexpectedly required Sunflower Broadband to order new CableCARD-compatible set-top boxes on extremely short notice.

- 9. Accordingly, Sunflower Broadband has ordered 1,152 Pace Butler CableCARD-compatible set-top boxes ("Compilant Set-Top Boxes") to deploy in place of the already-deployed Motorola DCT-700s that Sunflower Broadband had expected to have in inventory. The purchase order is attached as <u>Attachment 1</u> to this Affidavit.
- 10. These Compliant Set-Top Boxes will meet Sunflower Broadband's deployment needs for at least two months after receipt. Unfortunately, Pace has informed Sunflower Broadband that Pace will not deliver the Compliant Set-Top Boxes until sometime between late October and late December 2007. Email correspondence from Pace confirming the delivery date is attached as <a href="https://doi.org/10.1007/journal.org/">Attachment 2</a> to this Affidavit.
- 11. Sunflower Broadband is currently deploying an average of approximately 8,931 DCT-700 set-top boxes per month. The company expects its current deployment rate to decrease sharply once the back-to-school season ends, but estimates that, even with the current return of already-deployed DCT-700s to inventory, Sunflower Broadband will have a net shortfall of 500 set-top boxes per month until it receives the Compliant Set-Top Boxes.
- 12. Accordingly, if Sunflower Broadband is to continue deploying its all-digital simulcast services to its subscribers, it will need to order approximately 1,000 2,000 new Motorola DCT-700s between now and the delivery of the Compliant Set-Top Boxes.

13. If granted an extension of its September 1, 2007 deferral until Sunflower Broadband receives the Compliant Set-Top Boxes, Sunflower Broadband will order and deploy only enough Motorola DCT-700 integrated set-top boxes to meet its needs until it receives the Compliant Set-Top Boxes.

Patrick Knorr, General Manager Sunflower Broadband, a division of The World Company

Subscribed and sworn to before me this 30th day of August, 2007.

Notary Public

JUDY E. ELDRIDGE

Notary Public State of Kannas
My Appt. Exp. 12 -4-07

## ATTACHMENT 1 PURCHASE ORDER

### Sunflower Broadband 1 Riverfront Plaza Suite 301

Lawrence KS 66044

Vendor:

Pace Micro Technology PLC PO Box 3200 Church Street Station New York NY 10008-3200

(FAX)7858413908 Purchase Order.

Princhase Order No. 1888 PO0012580 8/24/2007

Date William 1988 LEG LEGINES DEL

**Exchange Rate** 

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Ship To:

Sunflower Broadband 3200 Haskel #160

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# ATTACHMENT 2 EMAIL CORRESPONDENCE FROM PACE

From: Mark Besocke [mailto:mark.besocke@pacemicro.com]

**Sent:** Friday, August 24, 2007 3:40 PM

**To:** Jolene Croxell (jcroxell@sunflowerbroadband.com) **Cc:** Patrick Knorr (pknorr@sunflowerbroadband.com)

Subject: Pace Butler Available

Importance: High

Hello Jolene,

It was great talking with you today and thank you again for your business and support.

Below is the availability schedule for the Pace Butler all digital SD set top box. This box was not included in the NCTC deal so you can place all your box orders directly with Pace and the NCTC will get credit for Tahoe and Vegas purchases.

1<sup>st</sup> week in September- We will be able to hand deliver a "<u>Demo Butler"</u> that you will be able to see functionality and form factor. This box will need to be returned to Pace after a couple of days so we can display it at other sites.

Mid-October- We will be able to <u>provide pre-production sample units</u> that you will be able to keep and test in your lab and with field testers.

Mid to Late December- We will be shipping <u>Butler volume</u> to all PO placed over the next two weeks

I will see if there is any way to distribute your orders and get them out in late October, but demand for this box has been very high and we need to keep the inventory to fill current POs.

Please feel free to call me with any questions you may have. I will follow up with you on Monday and we can review the deliveries for you new Tahoe and Vegas orders.

Have a great weekend!

Regards,

Mark Besocke Regional Account Director Pace Micro Technology plc

**Bringing Technology Home** 

Mob: 303.618.5868

Tel: 303.524.1337 Fax: 303.524.1490

#### www.pacemicro.com

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